



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY**

State Capitol

Nashville, Tennessee 37243-0274

Phone (615) 741-2501

**John G. Morgan
Comptroller**

September 28, 2007

Dear Mayor;

The Municipal Finance Officer Certification and Education Act of 2007 (Act) requires your municipality to have a chief financial officer (CFO), who is either a Certified Municipal Finance Officer (CMFO), or exempted from earning the certification, or a qualified contractor. The Municipal Technical Advisory Service (MTAS) will administer the educational program and testing to achieve the CMFO designation. The Act designates the Comptroller's Office as the certification authority.

Actions Items

Using the enclosed forms follow the instructions below:

1. Designate your CFO. The CFO is the official or employee with financial oversight responsibility for your municipality. Please indicate the name and title of this individual. For most municipalities, this will be the recorder, the clerk, or the finance director; but, it can be any employee who has financial oversight responsibility. For your municipality to comply with the Act, this individual needs to earn the CMFO or be exempted by the compliance date.
2. Provide a statement of the municipality's gross revenues, including utility and school revenues, and outstanding debt for the fiscal year beginning July 1, 2006 and ending June 30, 2007.

Please submit the completed forms to the following address **not later than October 15, 2007**:

**Municipal Technical Advisory Service
600 Henley Street, Suite 120
Knoxville Tennessee 37996-4105
Attention: CMFO Program**

Contact your respective MTAS Management or Finance Consultant if you have any questions regarding the requested information.

CMFO Program

The objective of the CMFO program is to ensure competence in the handling of municipal funds and the protection of public monies.

Municipalities

The Act establishes the following implementation schedule for municipalities required to have a CMFO, exempted CFO, or qualified contractor:

<u>Gross Revenues</u>	<u>Compliance Date</u>
\$10 million or more	January 1, 2010
\$5 million to \$10 million	January 1, 2011
Less than \$5 million	January 1, 2012

Gross revenues are **all** municipal revenues, including school and utility revenues. The fiscal year determining your compliance date is the fiscal year beginning July 1, 2006 and ending June 30, 2007.

If your CFO leaves office after meeting the requirements of the Act, your municipality has two years from the CFO's last day of employment to comply with the Act.

The Act allows municipalities with gross revenues of \$300,000 or less **and** \$300,000 or less in outstanding debt to contract with a CMFO or a qualified individual exempt from CMFO certification for financial oversight rather than have a CMFO in the municipality's employ.

After the municipality's compliance date has passed, if the municipality hires an individual for a position requiring the CMFO designation, the individual hired must either be exempted as provided in the Act or become certified within two years of the hiring date.

Any municipality determined by the Comptroller's Office to be purposely in violation of the requirements of the Act is subject to a civil penalty of up to \$50.00 per day during the time the violation continues.

Chief Financial Officers

The requirements for CMFO certification are: 1) be a high school graduate or the equivalent, 2) be at least 18 years old, 3) be in a position of financial oversight as designated by the municipality, 4) attend the required classes, and 5) pass 10 financial management tests. The individual seeking certification as a CMFO will apply to the Comptroller's Office. Upon meeting all requirements, the Comptroller's Office will award the designation. MTAS will assist CMFO candidates in applying to the Comptroller's Office for the designation.

With the approval of the Comptroller's Office, MTAS will develop classes and testing that will lead to the CMFO designation. The program will consist of 10 eight hour classes and qualifying examinations covering the entire spectrum of municipal financial management. The 10 qualifying examinations will be administered by MTAS. MTAS will report successful completion of classes and testing to the Comptroller's Office for CMFO applicants.

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The following individuals are exempt from the requirements leading to the CMFO designation:

- An individual designated as a Certified Government Finance Manager (CGFM) by the Association of Government Accountants.
- An individual designated as a Certified Public Finance Officer (CPFO) by the Government Finance Officers Association.
- An individual licensed as a Certified Public Accountant (CPA) by the state board of accountancy in active status with a minimum of five years of primarily governmental experience with at least three of those years in Tennessee.

The individual requesting exemption will apply to the Comptroller's Office to receive exemption from the CMFO requirements. MTAS will assist you in applying for the exemption.

All CMFOs and exempted individuals are required to earn 24 hours of continuing governmental financial management education each year to maintain their status.

Together we can make municipal government better in Tennessee by implementing this new stewardship law. The CMFO program should make government in Tennessee work better by improving the quality of financial management in municipal administration.

Sincerely;

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive, flowing style.

John G. Morgan

Enclosures: 1) MTAS Management and Finance Consultants by Region
2) Certified Municipal Finance Program Officer Program: Statement Designating Municipal Chief Finance Officer
3) Certified Municipal Finance Program Officer Program: Statement of Unaudited Gross Revenues